

# Custom Home Preliminary Budget

This procedure is useful to establish your budget before you are obligated for expenditures or commitments.

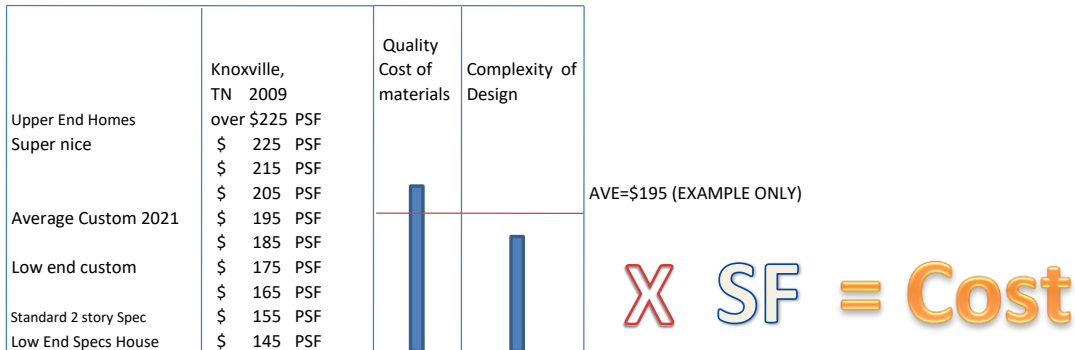
Planning Budgets are generally based upon square foot comparables and only used as a guideline. Actual cost can only be achieved with an itemized estimate after the detailed plans are complete, all material selections are made, and prices are locked in. The Exercise below illustrates the variance of cost. You decide what your square foot range should be.

Budgets vary according to how nice your house is, not by the contractor. The Contractor can arrive at your budget once he knows what you want. However a contractor can build a house from the low price range to the high end, by changing the complexity of the design and cost of materials used. Assume someone is looking for a car and ask; What does a car cost? As you know the price on cars vary considerably. Do you want your house to be a Hyundai or a Mercedes ? Custom Home prices vary much more than cars. That's why it's important to work your budget out with a reputable builder to get what you want. After you have arrived at your budget and basic design you can work with your contractor to tighten up your cost with your selections.

Your front end budget should not be calculated to tight. It is rewarding to get what you want within your budget. On the other hand if your budget is to tight your not going to be satisfied and your building experience could be very frustrating.

Estimate your budget per square foot by simply averaging QUALITY & COMPLEXITY times the square feet of your home. Your Square Feet is the area of your house that is finished (heated space).

If you have large open areas with extra high ceilings you need to bump your Complexity about \$5.00 PSF to compensate.



The SF unit cost above will vary according to location, inflation, and economic conditions.

Cost normally includes a two car garage. You must add cost for additional garages, unfinished space such as basements, and site improvements such as long driveways, retaining walls, yard irrigation etc... You also need to add for large or elaborate decks & screened porches. Your contractor can help you with this. Keep in mind these extras don't come cheap. Make sure you accommodate them in your budget.

**Unfinished Basements normally cost between \$35 to \$50 per square foot, depending on the type of foundation wall and exterior veneer, windows, doors, etc...**

Although this exercise appears simple it takes an experienced contractor to adequately set the bar graph above.

This is why budgets vary so much from one contractor to another. Many times plans are not complete at that time and they are making assumptions, normally based upon the home they have just completed. Many times contractors use low budgets to get the job, don't fall for it! That is why you should not select a contractor based upon front end budgets. It is too easy to tell you what you want to hear.

Select your contractor based upon his knowledge, how he can control a budget, his project approach, quality workmanship, and his integrity. It is also important to understand his contract terms, his fee, and warranties. Check with his past clients, was their experience successful? Make sure your contractor has valid insurance and license adequate to perform the job. Select the contractor that you fill will perform the best. This may be your most important business decision you will make. Don't select him based upon a cheap price. A good builder will give you more for your dollar. A cheap house will haunt you and cost you more in the long run than it is worth.